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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MAY 31, 1992.

__ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____TO _____

COMMISSION FILE NUMBER 2-33228-40

SOLECTRON CORPORATION
(Exact Name of Registrant as specified in its Charter)

California	94-2447045
(State or other jurisdiction of Incorporation or Organization)	(IRS Employer Identification Number)

PROCESSED BY
21-13-V
JUL 17 1992

777 Gibraltar Drive, Milpitas, California 95035
(Address of principal executive offices and Zip Code)

Registrant's telephone number, including area code: (408

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No __

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

At May 31, 1992, 16,424,272 shares of Common Stock of the Registrant were outstanding.

BEST COPY AVAILABLE

SOLECTRON CORPORATION

INDEX

PART I. FINANCIAL INFORMATION

Item 1.	Financial Statements	
	Consolidated Balance Sheets May 31, 1992 and August 31, 1991	3
	Consolidated Statements of Income for the Three Months and Nine Months Ended May 31, 1992 and 1991	4
	Consolidated Statements of Cash Flows for the Nine Months Ended May 31, 1992 and 1991	5
	Notes to Interim Consolidated Financial Statements	6
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	7-11

PART II. OTHER INFORMATION

Item 1.	Legal Proceedings	12
Item 2.	Changes in Securities	12
Item 3.	Defaults Upon Senior Securities	12
Item 4.	Submission of Matters to a Vote of Security Holders	12
Item 5.	Other Information	12
Item 6.	Exhibits and Reports on Form 8-K	12
	Signatures	13

SOLECTRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands)

	May 31, 1992 (Unaudited)	August 31, 1991 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5,354	$ 5,801
Short-term investments	156,430	2,294
Accounts receivable, net	45,400	40,635
Inventories (note 2)	48,089	52,093
Prepaid expenses and other current assets	6,722	6,147
Total current assets	261,995	106,970
Net property and equipment	28,434	27,582
Other assets	4,703	565
Total assets	$ 295,132	$ 135,117
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	$ 2,260	$ 554
Current portion of long-term debt and capital lease obligations	8,542	5,639
Accounts payable	39,510	49,833
Accrued employee compensation	9,443	8,701
Accrued expenses	1,868	5,641
Other current liabilities	3,473	1,289
Total current liabilities	65,096	71,657
Long-term debt and capital lease obligations	130,250	12,479
Other long-term liabilities	883	3,835
Total liabilities	196,229	87,971
Shareholders' equity:		
Preferred Stock	-	-
Common stock	62,330	20,984
Retained earnings	36,573	26,162
Total shareholders' equity	98,903	47,146
Total liabilities and shareholders' equity	$ 295,132	$ 135,117

See accompanying notes.

SOLECTRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousands except per share data)
(Unaudited)

	Three Months Ended May 31,		Nine Months Ended May 31,	
	1992	1991	1992	1991
Net sales	$ 94,751	$ 76,921	$ 294,253	$ 181,193
Cost of sales	81,932	66,631	254,545	156,006
Gross profit	12,819	10,290	39,710	25,187
Operating expenses:				
Selling, general & administrative	6,110	4,492	17,400	11,785
Research & development	662	386	2,015	1,158
Operating income	6,047	5,412	20,295	12,244
Interest income	602	141	1,140	617
Interest expense	(1,426)	(758)	(2,734)	(1,625)
Income before income taxes	5,223	4,795	18,701	11,236
Income tax expense	2,013	2,262	8,290	5,096
Net income	$ 3,210	$ 2,533	$ 10,411	$ 6,140
Net income per share	$ 0.19	$ 0.19	$ 0.64	$ 0.47
Shares used in computation	17,115	13,240	16,368	13,054

See accompanying notes.

SOLECTRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine months Ended May 29,	
	1992	1991
Cash flows from operating activities:		
Net Income	$ 10,411	$ 6,140
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	9,091	6,479
Provision for losses on accounts receivable	253	768
Changes in operating assets and liabilities:		
Accounts receivable	(5,018)	(14,165)
Inventories	4,004	(14,350)
Prepaid expenses and other current assets	(575)	(263)
Accounts payable	(10,323)	19,479
Accrued employee compensation	742	2,295
Accrued expenses and other current liabilities	(1,323)	(1,219)
Other	(2,946)	477
Net cash provided by operating activities	4,316	5,074
Cash flows from investing activities:		
Short-term investments, net	(154,136)	3,393
Capital expenditures	(9,943)	(4,830)
Net cash used by investing activities	(164,079)	(1,437)
Cash flows from financing activities:		
Repayment from short-term debt	1,706	-
Proceeds for long-term debt	121,795	-
Repayments of long-term debt and capital lease obligations	(5,265)	(4,131)
Sale of common stock	41,080	1,134
Net cash provided (used) by financing activities	159,316	(2,997)
Net increase (decrease) in cash and cash equivalents	(447)	640
Cash and cash equivalents at beginning of period	5,801	5,302
Cash and cash equivalents at end of period	$ 5,354	$ 5,942
SUPPLEMENTAL DISCLOSURES:		
Cash paid during the period:		
Interest	$ 2,634	$ 1,400
Income taxes	$ 11,899	$ 6,272
Non-cash investing and financing activities:		
New equipment acquired under capital leases	$ -	$ 3,691
Tax benefit associated with exercise of stock options	$ 266	$ -
Debt issuance costs	$ 4,144	-

See accompanying notes

SOLECTRON CORPORATION AND SUBSIDIARIES

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - Basis of Presentation

The accompanying consolidated balance sheets as of May 31, 1992 and August 31, 1991 and the related consolidated statements of income and cash flows for the three-month and nine-month periods ended May 31, 1992 and 1991 have been prepared on substantially the same basis as are the annual consolidated financial statements. In the opinion of the Company, the financial statements reflect all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial position, operating results and cash flows for those periods presented. The results of operations for the quarter and year-to-date ended May 31, 1992 are not necessarily indicative of results to be expected for the entire year. These condensed consolidated financial statements should be read on conjunction with the consolidated financial statements, and notes thereto, for the year ended August 31, 1991 included in the Company's Annual Report to Shareholders.

For clarity of presentation, the Company has indicated that its third quarter ended May 31, whereas in fact, the Company's third quarter for fiscal years 1992 and 1991 ended on May 29 and 31, respectively.

NOTE 2 - Inventories

Inventories consisted of:

	May 31, 1992	August 31, 1991
	(In thousands)	
Raw materials	$30,276	$32,085
Work-in-process	17,813	20,008
	$48,089	$52,093

NOTE 3 - Net Income per Share

Net income per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding. Net income per share computed on a fully diluted basis is the same as net income per share computed on a primary basis.

ITEM 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

Solectron's net sales are derived from sales to computer and electronic system OEMs. The Company specializes in using advanced manufacturing technologies in assembly and manufacturing management of complex printed circuit boards and electronic systems. The Company recognizes revenue upon shipment of product to its customers.

Solectron's operating results are affected by a number of factors, including the mix of turnkey and consignment manufacturing projects, the degree of automation that can be used in the assembly process, efficiencies achieved by the Company in managing inventories and fixed assets, the timing of orders from major customers and price competition. Over the past several years, the Company's strategy has been to increase the percentage of sales it derives from turnkey manufacturing, which currently represents a substantial portion of the Company's sales. Turnkey projects, in which the Company procures some or all of the components necessary for production, typically generate higher net sales and higher gross profits than consignment projects due to the inclusion in the Company's operating results of sales and costs associated with such materials. However, turnkey projects usually have lower margins than consignment projects due to lower margins on the materials portion versus the labor portion of such projects. The growth in the Company's net sales and gross profits and the decrease in its gross profit margins over the past several years have been due in part to this shift towards turnkey manufacturing.

Results of Operations

The following table sets forth, for the three and nine months ended May 31, 1992 and 1991, certain items as a percentage of net sales. The table and the discussion below should be read in conjunction with the consolidated financial statements and the notes thereto, that appear elsewhere in this report.

	Three Months Ended May 31,		Nine Months Ended May 31,	
	1992	1991	1992	1991
Net Sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of Sales	86.5	86.6	86.5	86.1
Gross Profit	13.5	13.4	13.5	13.9
Selling, General and Administrative	6.4	5.9	5.9	6.5
Research & Development	.7	.5	.7	.6
Operating Income	6.4	7.0	6.9	6.8
Interest Expense, Net	.9	.8	.5	.6
Income Before Income Taxes	5.5	6.2	6.4	6.2
Income Tax Expense	2.1	2.9	2.8	2.8
Net Income	3.4 %	3.3 %	3.6 %	3.4 %

During the quarter ended May 31, 1992 the Company's sales to Sun Microsystems decreased in both absolute terms and as a percentage of total sales when compared to the same quarter of fiscal 1991. Sun remained the Company's largest customer. Sales to IBM in the third quarter of fiscal 1992 decreased in absolute terms when compared with the same quarter a year ago. Net sales for the third quarter ended May 31, 1992 increased by $17.8 million, or 23.2%, over the corresponding quarter in the prior year. Net sales of $294.3 million for the nine month period ended May 31, 1992 represented a 62.4% increase over the first nine months of fiscal 1991. The increases came from existing customers and significant new customer relationships that were established in the last half of fiscal 1991. To date, a majority of Solectron's net sales have been derived from manufacturing services provided by its domestic operation. The Company's Malaysian subsidiary began shipping products shortly before the end of fiscal 1991. The Company believes that future increases in net sales will depend upon growth in sales to existing customers for their current and future product generations, further geographic expansion of Solectron's operations to accommodate customer manufacturing requirements and successful marketing to new customers. The Company has no firm long-term volume commitments from its customers and over the last few years has experienced reduced lead-time in customer orders. In addition, customer contracts can be cancelled and volume levels can be changed or delayed. The timely replacement of cancelled, delayed or reduced contracts with new business cannot be assured. There can be no assurance that any of the Company's current customers will continue to utilize the Company's services.

Most of the Company's customers are in the computer and electronics industry, which is subject to rapid technological change, product obsolescence and price competition. The factors affecting the electronics industry in general, or any of the Company's major customers in particular, could have a material adverse effect on the Company's results of operations.

Gross profit for the third quarter of fiscal 1992 increased by $2.5 million over the third quarter of fiscal 1991. Gross margin remained relatively stable at 13.5% in the third quarter of the current year as compared with 13.4% in the third quarter of fiscal 1991. The relatively flat gross margin reflected the inefficiency caused by the move to the new Campus which was partially offset by an improved business mix and the Malaysian facility's positive contribution. The decline was due to the continuing trend toward turnkey business, investments incurred to expand system build capabilities and the Company's continued investment in the Penang, Malaysia manufacturing facility. The gross profit for the nine-month period ended May 31, 1992 increased by $14.5 million while gross margin decreased to 13.5% versus 13.9% from the comparable period in 1991. The trend towards increased turnkey business, along with potential further geographic expansion and continued investments in technology and training, could adversely affect future results of operations. Moreover, increased sales of price sensitive, high volume products, which are the primary focus of the Malaysian facility may further reduce gross profit margin.

Operating expenses increased as a percentage of net sales from 6.3% in the third quarter of fiscal 1991 to 7.1% for the third quarter of fiscal 1992. Operating expenses for the first nine months of fiscal 1992 increased in absolute terms but decreased as a percentage of total sales when compared to the same period of fiscal 1991. The increase in operating expenses was due to geographic expansion, non-recurring costs related to the new campus facility and other business development expenses. The Company anticipates the operating expenses will increase in absolute terms during the next few quarters due to additional expenditures projected for the second phase of the new campus facility to house the Milpitas operations and potential geographic expansion.

The Company incurred net interest expense of $824,000 in the third quarter and $1.6 million in the first nine months of fiscal 1992, compared to $617,000 and $1 million, respectively, for the same periods of fiscal 1991. The increased net interest expense was primarily due to incremental interest expense accrued for the new debt offering, offset somewhat by interest earned on short term investments in which the proceeds of the debt offering were invested.

The Company's estimated effective tax rate for the third quarter of fiscal 1992 and 1991 were 38.5% and 47.2% respectively. The decrease was due to a number of factors including the positive contribution in Penang where the operation enjoys an income tax holiday, as well as the impact of certain tax advantaged short term investment income.

The Financial Accounting Standards Board recently adopted Statement No. 109 to replace Statement No. 96, which the Company uses to account for income taxes. Among other things, Statement No. 109 changes the recognition criteria for deferred tax assets. The Company will be required to adopt Statement No. 109, either prospectively or by restating previously reported amounts, no later than September 1, 1993. the Company has not yet decided when or how to adopt statement No. 109. Management expects that adoption of Statement No. 109 will result in the recognition of a deferred tax benefit which could not be recorded under Statement No. 96. The amount of such benefit has not been determined.

Liquidity and Capital Resources

The Company generated cash from operating activities of $4.3 million in the nine months ended May 31, 1992. The decline in operating cash flow was primarily due to a decrease in accounts payable resulting from payments made to turnkey suppliers. Working capital was $196.9 million as of May 31, 1992, compared to $35.3 million at the end of fiscal 1991. This increase included $112.7 million from the Company's April 1992 Liquid Yield Option Notes (LYONs) convertible debt offering and the $39.8 million from the November 1991 common equity offering. At May 31, 1992, the Company had $8.9 million in foreign credit facilities, under which it had $4.0 million available, subject to certain financial covenants, as well as $5.0 million in available equipment lease lines of credit. The Company also has a revolving credit facility with certain banks pursuant to which, subject to satisfaction of certain conditions, it may borrow funds and obtain letters of credit aggregating up to $40 million at any one time outstanding. There are no current borrowings outstanding under this facility. The revolving credit facility is secured by accounts receivable, inventory, equipment and certain other assets, and requires the Company to comply with specific covenants relating to, among other things, (i) limitations on indebtedness, capital purchases, payment of cash dividends and quarterly losses, (ii) minimum levels of tangible net worth and (iii) certain financial ratios. In April 1992, the Company completed an offering of LYONs due 2012. The LYONs are convertible zero coupon subordinated notes, having a principal amount at maturity of $460 million. The Company will become obligated to purchase the LYON's, at the option of the holder, in May of 1997, 2002 and 2007 at a purchase price representing a 7% yield per annum to the holders, computed on a semi-annual bond equivalent basis. These convertible zero coupon, subordinated notes carry a yield to maturity of 7% and are convertible into 10.396 shares of common stock at the initial conversion price of $24.29. The Company anticipates its cashflow from operations, together with cash and investment balances and available credit facilities, should be sufficient to satisfy working capital, capital expenditures and potential geographic expansion through the next six months.

Proposed Transactions with IBM

Consistent with Solectron's strategy to expand its operations in Europe, the Company is continuing negotiations with IBM regarding the possibility of entering into a series of related transactions, which would include the purchase of IBM's pin-through-hole ("PTH") electronic card assembly operations in Bordeaux, France, as well as a smaller facility in Charlotte, North Carolina. In addition to providing the Company with a substantial manufacturing capability in Europe and the Eastern United States, the proposed transactions would enable Solectron to significantly expand its business relationship with IBM. The proposed transactions, if consummated, will include manufacturing services agreements under which the Company will supply to IBM certain volumes of electronic sub-assemblies for a period of three years, subject to certain pricing and other terms to be negotiated. These manufacturing services agreements have the potential to substantially increase the Company's net sales. The Company and IBM are also studying the possibility of entering into additional agreements providing the Company with access to certain of IBM's manufacturing technologies on terms to be negotiated.

The Company and IBM have signed a non-binding document summarizing certain discussion points relating to the proposed transactions. The Company, however, has not completed its review and investigation, and major business points remain unresolved and are under negotiation. As a result, there can be no assurance that the proposed transactions with IBM will be completed.

The proposed transactions contemplate Solectron acquiring certain land, buildings and equipment, including a 319,000 square foot facility located on a 240 acre site in Bordeaux, France (of which it is currently contemplated approximately 150,000 square feet would be sublet back to IBM for a period of time to be negotiated) and a 175,000 square foot facility located on a 73 acre site in Charlotte, North Carolina. In addition, if the proposed transactions are consummated, the Company expects to employ a significant number of additional employees to staff these production facilities, many of whom the Company expects to be personnel currently employed by IBM at these facilities. The document summarizing certain discussion points contemplates, based on certain assumptions, a purchase price which would be paid partly in cash and partly by the issuance to IBM of Preferred Stock. However, the Company is currently reviewing the proposed transactions and negotiations on the purchase price and other terms are ongoing and subject to change. As a result, there can be no assurance that the parties will agree to terms which are more or less favorable to the Company. In addition, the Company may assume certain liabilities associated with the production facilities.

The success of the proposed transactions depends, in part, on the levels of additional manufacturing services provided by the Company to IBM and other customers, and the related terms, including price, negotiated by the parties. In the event the Company does not achieve additional levels of business from IBM and other customers on terms sufficient to offset the costs and expenses associated with the acquisition and with maintaining, operating and financing the new facilities, the Company's results of operations would be materially adversely affected.

In the event the proposed transactions with IBM are consummated, the Company anticipates that IBM will provide the Company with a certain volume of business for the first three years of the manufacturing relationship, subject to the Company meeting certain pricing and other terms to be negotiated. Such additional volume of business is expected to substantially increase the Company's net sales. Although the Company expects that sales to IBM will be profitable, because the pricing, volume of business and certain other terms associated with the proposed transactions are currently under review and negotiation, the impact of the proposed transactions on operating results cannot be

dependent upon the Company's ability to obtain a sufficient volume of new business to replace any reduction in volume from IBM. There can be no assurance such new business will be available on satisfactory terms, or at all. In addition, the success of the proposed transactions, which are not expected to close prior to September 1992, will require significant management time and legal, accounting and other expenditures, whether or not the transactions are completed. Furthermore, in the event the proposed transactions are consummated, the additional facilities, employees and business volumes will substantially increase the Company's expenses and place substantial burdens on the Company's management resources. In addition, the success of the proposed transactions depends, in part, on the levels of additional manufacturing services provided by the Company to IBM and other customers and the related terms, including price, negotiated by the parties. In the event the Company does not achieve additional levels of business from IBM and other customers on terms sufficient to offset the costs and expenses associated with the proposed transactions and with maintaining, operating and financing the new facilities, the Company's results of operations would be materially adversely affected.

If the proposed transactions with IBM are consummated as contemplated, the Company intends to pay for a portion of the purchase price in cash and a portion of the purchase price by the issuance of Preferred Stock to IBM. In addition, the Company anticipates its working capital requirements will increase in order to support the anticipated higher volumes of business. The Company also expects to make additional capital expenditures relating to the production facilities to be acquired from IBM, including investment in SMT equipment, in the range of $5 to $10 million in fiscal 1993. In addition, in the event the transactions are consummated as contemplated, the Company will be required to make dividend payments on the Preferred Stock to be issued to IBM.

The Preferred Stock to be issued to IBM is expected to bear a dividend for a period of time and be convertible into Common Stock at the option of IBM. The Common Stock issuable upon conversion of the Preferred Stock is not expected to exceed 10% of the outstanding shares of Common Stock, based upon shares outstanding as of May 31, 1992. The Preferred Stock is also expected to have a preference to the Common Stock with respect to a liquidation or dissolution of the Company, on terms to be negotiated. In addition, under California law, the approval of holders of a majority of the outstanding shares of a class of Preferred Stock is required with respect to certain transaction, including, but not limited to, certain mergers, sales of assets and amendments to the articles of incorporation. While the voting rights afforded the Preferred Stock to be issued to IBM are expected to be subject to an agreement to vote such shares in proportion to votes cast by holders of Common Stock, the impact of these provisions of California law could be to provide IBM with a veto right with respect to certain matters. In connection with the issuance of the Preferred Stock, the Company expects to grant IBM certain registration rights, as well as a right of first refusal with respect to any future proposed issuances of equity securities by the Company in a private placement or to competitor of IBM who would hold 10% or more of the Company's outstanding equity securities following such proposed issuance. In the event the proposed transactions are completed, the outstanding Preferred Stock and such right of first refusal could have the effect of delaying or preventing a change in control of the Company. It is anticipated that, in connection with the proposed transactions, IBM will agree, subject to certain exceptions, not to acquire in excess of 10% of the Company's equity securities without the Company's consent.

SOLECTRON CORPORATION AND SUBSIDIARIES

Part II. OTHER INFORMATION

Item 1: Legal Proceedings

None

Item 2: Changes in Securities

None

Item 3: Defaults upon Senior Securities

None

Item 4: Submission of Matters to a Vote of Security Holders

None

Item 5: Other Information

None

Item 6: Exhibits and Reports on Form 8-K

(a) Exhibits

*4.1	Form of Certificate for Liquid Yield Option Notes (LYONs)
*4.2	Form of Indenture between the Company and Bankers Trust Company, relating to the LYONs
10.1	First Amendment to the Amended and Restated Credit Agreement dated April 24, 1992 between Registrant, Security Pacific National Bank and Sanwa Bank California
11.1	Statement re Computation of Net Income per Share

* Incorporated by reference from the Company's Registration Statement on Form S-1 filed April 6, 1992 (Registration No. 33-46971).

SOLECTRON CORPORATION AND SUBSIDIARIES

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SOLECTRON CORPORATION
(Registrant)

Date: July 16, 2002

By: _____
Dr. Koichi Nishimura
President &
Co-Chief Executive Officer

Date: July 16, 2002

By: _____
Susan S. Wang
Senior Vice President and Chief
Financial Officer
(Principal Financial and
Accounting Officer)

FIRST AMENDMENT TO
AMENDED AND RESTATED
CREDIT AGREEMENT

THIS FIRST AMENDMENT ("Amendment") is made and entered into as of April 24, 1992, by and among, on the one hand, SOLECTRON CORPORATION, a California corporation having an office at 2001 Fortune Drive, San Jose, California 95131 ("Borrower") and, on the other hand, SECURITY PACIFIC NATIONAL BANK, a national banking association having an office at 195 Almaden Boulevard, San Jose, California 95113 ("SPNB") and SANWA BANK CALIFORNIA, a California banking corporation ("Sanwa") (each of SPNB and Sanwa may be referred to herein individually as a "Lender" and collectively as "Lenders"), and SPNB, as Agent for Lenders ("Agent").

RECITALS

A. Borrower, Agent and Lenders have entered into that certain Amended and Restated Credit Agreement dated as of February 1, 1992 (the "Credit Agreement"), pursuant to which Lenders have made available to Borrower (i) a revolving credit facility in the aggregate principal amount of up to Thirty-Six Million Dollars ($36,000,000) outstanding at any time, and (ii) a term facility in the aggregate principal amount of up to Four Million Dollars ($4,000,000) outstanding at any time.

B. Borrower, Agent and Lenders desire to amend certain provisions of the Credit Agreement as provided herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants herein set forth, and intending to be legally bound, the parties hereto hereby amend the Credit Agreement as follows:

1. Unless otherwise defined herein, all terms defined in the Credit Agreement have the same meaning when used herein.

2. The following definition is hereby inserted in Section 1 of the Credit Agreement in alphabetical order:

"Subordinated Debt" means the Indebtedness represented by Liquid Yield Option™ Notes ("LYONs") issued from time to

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™Trademark of Merrill Lynch & Co., Inc.

time under that certain Indenture between (or to be entered into in May, 1992 between) Borrower and Bankers Trust Company, a New York banking corporation, as Trustee, as such may from time to time be supplemented and amended (the "Indenture"), not in excess of $460,000,000 aggregate principal amount at maturity outstanding at any time.

3. The definition of "Consolidated Net Worth" is deleted in its entirety and replaced with the following:

"Consolidated Net Worth" means, on a consolidated basis, as at any date of determination, the sum of (a) the difference between Consolidated Total Assets and Consolidated Total Liabilities and (b) the Subordinated Debt.

4. The definition of "Consolidated Total Liabilities" is deleted in its entirety and replaced with the following:

"Consolidated Total Liabilities" means, on a consolidated basis, as at any date of determination, all liabilities of Borrower and its Subsidiaries required to be reflected on the liability side of the consolidated balance sheet of Borrower, including, without limitation, the Subordinated Debt.

5. The definition of "Indebtedness" is amended by inserting "and the aggregate principal amount at maturity of the Subordinated Debt," immediately following "the other Loan Documents" in subsection (a) of the definition.

6. Section 6.3 is amended by (i) deleting the word "and" at the end of Section 6.3(i), (ii) replacing the period at the end of Section 6.3(j) with "; and", and (iii) adding a new subsection (k) as follows:

(k) the Subordinated Debt.

7. Section 7.4 is amended by adding "and provided further, that the Subordinated Debt shall not be included in the calculation of Consolidated Tangible Net Worth for purposes of this Section 7.4." to the end thereof.

8. Representations and Warranties. Borrower represents and warrants that its representations and warranties in Section 4 of the Credit Agreement continue to be true and complete in all material respects as of the date hereof (except to the extent such specifically relate to another date or as specifically described on Schedule 1 hereto) and that the execution, delivery and performance of this Amendment are duly authorized, do not require the consent or approval of any governmental body or

regulatory authority and are not in contravention of or in conflict with any law or regulation or any term or provision of any other agreement entered into by Borrower. Agent and Lenders acknowledge and agree that the incurrence of the Indebtedness represented by the Subordinated Debt is not a material adverse change in the Property, operations, business prospects, profits or financial condition of Borrower for purposes of the Loan Documents, including, without limitation, Section 4.5 and Section 5.1(d)(ii) of the Credit Agreement.

9. Effectiveness of Amendment. This Amendment shall be deemed effective upon execution of a counterpart hereof by each of Borrower, Agent and Lenders and delivery thereof, in the case of Agent and Lenders, to Borrower and, in the case of Borrower, to Agent. In the event that no LYONs are issued within ten (10) business days after the date of this Amendment, this Amendment shall terminate and its terms and conditions shall have no further force and effect.

10. Conditions Subsequent. Within ~~five (5)~~ seven (7) business days after the initial issuance of LYONs, Borrower shall deliver to Agent, on behalf of Lenders, the following:

a. A certified copy of resolutions of the Board of Directors of Borrower authorizing Borrower to enter into this Amendment and the transactions contemplated thereby; and

b. A copy of the fully-executed Indenture.

11. Release and Waiver. BORROWER HEREBY REPRESENTS AND WARRANTS TO AGENT AND LENDERS THAT IT HAS NO KNOWLEDGE OF ANY FACTS THAT WOULD SUPPORT A CLAIM, COUNTERCLAIM, DEFENSE OR RIGHT OF SET-OFF, AND HEREBY RELEASES AGENT AND LENDERS FROM ALL LIABILITY ARISING UNDER OR WITH RESPECT TO AND WAIVES ANY AND ALL CLAIMS, COUNTERCLAIMS, DEFENSES AND RIGHTS OF SET-OFF, AT LAW OR IN EQUITY, THAT BORROWER MAY HAVE AGAINST AGENT OR ANY LENDER EXISTING AS OF THE DATE OF THIS AMENDMENT ARISING UNDER OR RELATED TO THIS AMENDMENT, THE CREDIT AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS OR TO THE LOANS CONTEMPLATED HEREBY OR THEREBY OR TO ANY ACT OR OMISSION TO ACT BY AGENT OR ANY LENDER WITH RESPECT HERETO OR THERETO.

12. Except to the extent expressly provided in this Amendment, the terms and conditions of the Credit Agreement shall remain in full force and effect. This Amendment and the other Loan Documents constitute and contain the entire agreement of the parties hereto and supersede any and all prior agreements, negotiations, correspondence, understandings and communications between the parties, whether written or oral, respecting the subject matter hereof.

13. This Amendment may be executed in counterparts, each of which when so executed shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

WITNESS the due execution hereof by the respective duly authorized partner or officer of the undersigned as of the date first written above.

BORROWER

SOLECTRON CORPORATION

By _____
Name: Susan Wang
Title: Chief Financial Officer

AGENT

SECURITY PACIFIC NATIONAL BANK

By _____
Name: Allan B. Miner
Title: Senior Authorized Officer

LENDERS

SECURITY PACIFIC NATIONAL BANK

By _____
Name: Allan B. Miner
Title: Senior Authorized Officer

SANWA BANK CALIFORNIA

By _____
Name: ~~Robert R. Shutt~~ James E Adcock
Title: Vice President

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090391

SCHEDULE 1
TO FIRST AMENDMENT
TO CREDIT AGREEMENT

Borrower represents and warrants that its representations and warranties in Section 4 of the Credit Agreement, except to the extent they specifically relate to another date, are no longer true and accurate only in the following respects:

EXHIBIT

11.1

Solectron Corporation and Subsidiaries
Statement Regarding Computation of Net Income Per Share
(in thousand, except per share data)

	Nine months ended May 31,	
	1991	1992
Weighted average number of shares of common stock and common stock equivalents:		
Primary:		
Common stock	12,370	15,607
Common stock equivalents - stock options	684	761
Common stock equivalents - preferred stock	-	-
	13,054	16,368
Fully Diluted:		
Incremental increase in common stock equivalent options using end of period market price	140	104
	13,194	16,472
Net income	6,140	10,411
Net income per share - primary	$0.47	$0.64
Net income per share - fully diluted	$0.47	$0.63